

Message Text

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 05150 01 OF 02 151935Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00
LAB-04 SIL-01 OMB-01 OIC-02 XMB-02 AGRE-00 DOE-11
SOE-02 /085 W
-----123953 152050Z /73

R 151915Z MAR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5507
INFO ALL EC CAPITALS
USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 01 OF 02 BRUSSELS 05150

USEEC

PARIS ALSO FOR OECD

E.O.11652: N/A
TAGS: EGEN, UN, EEC
SUBJECT: EC PAPER ON AGENDA ITEM ONE FOR MAY MEETING OF
UN OVERVIEW COMMITTEE

REF: BRUSSELS 5116

AN UNOFFICIAL MISSION TRANSLATION FROM THE FRENCH OF THE
DRAFT EC STATEMENT ON AGENDA ONE (ECONOMIC GROWTH AND
RELATIONS) FOR THE MAY MEETING OF THE UN OVERVIEW COMMIT-
TEE IS GIVEN IN FULL BELOW. THIS STATEMENT IS ENTITLED
"EVALUATION OF THE PRINCIPLE FACTORS DETERMINING
WORLD ECONOMIC DEVELOPMENT AND THE INTERDEPENDENCE
BETWEEN THE DEVELOPED AND DEVELOPING COUNTRIES".

BEGIN TEXT:

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 05150 01 OF 02 151935Z

A. INTRODUCTION:

1.) THE DOUBLE CHALLENGE: TO OVERCOME SHORT-TERM AND
STRUCTURAL OBSTACLES TO WORLD ECONOMIC RECOVERY IN
A DURABLE AND STABLE WAY IN THE INTEREST OF EVERYONE.

2.) INCREASED INTERDEPENDENCE: RECOVERY NOW CONCERNS

EVERYONE. THE MAINTENANCE OF THE PRINCIPLE OF THE DIVISION OF LABOR, WHICH CONSTITUTES AN ADVANTAGE FOR ALL PARTIES CONCERNED, POSES PROBLEMS OF ADJUSTMENT; THESE CAN BE AGGRAVATED BY IMPORTANT AND SUDDEN CHANGES AFFECTING THE WORLD ECONOMY, SUCH AS THE ENERGY CRISIS.

3.) SPECIAL PROBLEMS OF THE DEVELOPING COUNTRIES (DIVERGENCES IN THE RATES OF ECONOMIC GROWTH AND DEMOGRAPHIC EVOLUTION, UNEQUAL DIVERSIFICATION OF PRODUCTION, ETC.)

B. SHORT-TERM WORLD SITUATION:

1.) DEVELOPMENT OF THE WORLD CONTEXT: WORLD INFLATION, INSTABILITY IN INTERNATIONAL MONETARY RELATIONS, DISEQUILIBRIUM IN THE BALANCE OF PAYMENTS, LEVELING OFF OF TRADE.

2.) INDUSTRIALIZED COUNTRIES:

- DIFFERENT EVOLUTIONS AFTER THE 1974/75 RECESSION
- US AND JAPAN: RELATIVELY GOOD RECOVERY
- EC STATES: CONSTRAINTS ON THE BALANCE OF PAYMENTS AND INFLATION, PARTICULARLY THROUGH COSTS.
- VERY HIGH UNEMPLOYMENT.
- DIFFICULTY IN THE UTILIZATION, AND RELATIVE INEFFICIENCY, OF THE CLASSIC INSTRUMENTS FOR STIMULATING INTERNAL DEMAND.

3.) OPEC COUNTRIES: STRONG DEVELOPMENT, INCREASED PARTIAL OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRUSSE 05150 01 OF 02 151935Z

CIPATION IN WORLD ECONOMIC ACTIVITY.

4.) DEVELOPING COUNTRIES: DIFFERENT CATEGORIES IN ACCORDANCE WITH: (A) THEIR ECONOMIC GROWTH PERFORMANCE; (B) THE TYPES OF ADJUSTMENT ADOPTED (POLICY IN REGARD TO INFLATION, INDEBTEDNESS, ETC.); (C) THE EVOLUTION OF THE TERMS OF TRADE. THE POSSIBILITY FOR ADJUSTMENT IS VERY LIMITED FOR THE LEAST DEVELOPED OF THE LDC'S.

C. STRUCTURAL PROBLEMS:

- DEFICIENCIES OF INVESTMENTS IN INDUSTRIALIZED COUNTRIES;
- INSUFFICIENCY OF INVESTMENTS (INCLUDING EXTERNAL INVESTMENTS) IN MOST LDC'S.

WHILE FACTORS RESPONSIBLE FOR THIS SITUATION ARE IN PART SHORT-TERM, THEY ARE PRIMARILY STRUCTURAL AND ARISE PARTICULARLY FROM THE GROWTH OF UNCERTAINTY.

1.) FACTORS OF GENERAL APPLICATION:

- INFLATION. INCREASES UNCERTAINTY AND PREVENTS RATIONAL ECONOMIC CALCULATIONS.
- INTERNATIONAL ENVIRONMENT:
- UNSTABLE INTERNATIONAL MONETARY ENVIRONMENT

AND UNCERTAINTY IN THE FACE OF THE PROSPECT
OF PERSISTENT DISEQUILIBRIUMS IN THE WORLD
BALANCE OF PAYMENTS STRUCTURE.

- EVOLUTION IN UNPREDICTABLE WAYS OF WORLD
PRODUCTION AND WORLD TRADE.
- RAW MATERIALS: INSTABILITY OF PRICES AND
EARNINGS, PROBLEMS OF SUPPLY (INCLUDING
INVESTMENTS IN THE MINING SECTOR).
- ENERGY: RISING COSTS AND UNCERTAINTY AS TO THE
FUTURE EVOLUTION OF PRICES AND ENERGY RESOURCES.

2.) FACTORS AFFECTING GROWTH:

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 BRUSSE 05150 02 OF 02 151938Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00
LAB-04 SIL-01 OMB-01 OIC-02 XMB-02 AGRE-00 DOE-11
SOE-02 /085 W

-----124016 152050Z /73

R 151915Z MAR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5508
INFO ALL EC CAPITALS
USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 02 OF 02 BRUSSELS 05150

D. POLICIES TO BE FOLLOWED:

1.) AT THE NATIONAL LEVEL:

- SHORT-TERM SOLUTIONS, NOTABLY CONTROL OF INFLATION AND, IF POSSIBLE, STIMULATION OF INTERNAL DEMAND.
- POLICIES FOR STRUCTURAL ADJUSTMENTS.

2.) AT THE INTERNATIONAL LEVEL, COOPERATIVE ACTION, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BRUSSE 05150 02 OF 02 151938Z

NOTABLY IN THE FOLLOWING FIELDS:

- (A) AVOID RESORTING TO PROTECTIONISM, PARTICULARLY BY STRENGTHENING AND IMPROVING THE INTERNATIONAL FRAMEWORK FOR COMMERCIAL TRADE (MTN, GSP, ETC.);
- (B) IMPROVE THE OPERATION OF THE INTERNATIONAL MONETARY SYSTEM (IN PARTICULAR IN THE AREA OF FOREIGN EXCHANGE RATES AND THE COMPOSITION OF INTERNATIONAL LIQUIDITY);

(C) FINANCIAL FLOWS:

- EVALUATE THE MEANS TO FINANCE BALANCE OF PAYMENTS DEFICITS, INCLUDING COMPENSATORY FINANCING.
- ENCOURAGE THE FLOW OF INVESTMENTS TO THE LDC'S, AND IMPROVE THEIR ACCESS TO THE WORLD CAPITAL MARKETS.
- OFFICIAL DEVELOPMENT ASSISTANCE: INCREASED VOLUME; IMPROVED TERMS AND CONDITIONS; AND GEOGRAPHIC DISTRIBUTION.

(D) IMPROVING THE STRUCTURES OF THE RAW MATERIAL MARKETS, PARTICULARLY IN THE CONTEXT OF THE INTEGRATED PROGRAM.

(E) IMPROVE FOOD SECURITY.

(F) ENERGY COOPERATION (BETTER EVALUATION OF THE PROBLEMS OF THE FUTURE SUPPLY AND DEMAND FOR ENERGY).

E. CONCLUSION: A RETURN TO A MORE RAPID AND STABLE GROWTH OF THE WORLD ECONOMY IS TO THE BENEFIT OF EVERYONE. THIS IS ONLY POSSIBLE IF EACH COUNTRY OR GROUP OF COUNTRIES IS READY TO SUBMIT ITSELF TO THE DISCIPLINE OF INTER-DEPENDENCE AND DOES NOT SEEK ONLY TO ADVANCE ITS PERSONAL INTERESTS. IT IS THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BRUSSE 05150 02 OF 02 151938Z

MANAGEMENT OF THE WORLD ECONOMY AND THE DEVELOPMENT OF ITS NEW ORDER WHICH ARE AT THE HEART OF THE NORTH/SOUTH DIALOGUE. END TEXT. MORRIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PAPERS, MEETING AGENDA
Control Number: n/a
Copy: SINGLE
Draft Date: 15 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE05150
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780115-0924
Format: TEL
From: BRUSSELS USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780367/aaaacevn.tel
Line Count: 224
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8b5ecec6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 5116
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3328985
Secure: OPEN
Status: NATIVE
Subject: EC PAPER ON AGENDA ITEM ONE FOR MAY MEETING OF UN OVERVIEW COMMITTEE
TAGS: EGEN, UN, EEC
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/8b5ecec6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014